

Message Text

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PAGE 01 REYKJA 00213 042238Z

62

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 INR-10 NSAE-00 PA-04 RSC-01

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USMISSION NATO

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E.O. 11652: N/A

TAGS: PFOR, MARR, IC, NATO

SUBJ: SOVIET OIL DELIVERIES TO ICELAND

THE FOLLOWING ARTICLE APPEARED IN MORGUNBLADID FEB 2,
1974. A SIMILAR ARTICLE APPEARED IN TIMINN THE SAME DATE.
THE MORGUNBLADID ARTICLE IS QUOTED IN FULL BELOW:

QUOTE:

OIL DELIVERIES FROM THE RUSSIANS HAVE FAILED CONSIDERABLY.

SO FAR IN 1974 THE RUSSIANS HAVE FAILED TO DELIVER ENOUGH
GASOLINE AND FUEL OIL TO ICELAND. ACCORDING TO THE ESTIMATES
MADE BY THE OIL COMPANIES THE DELIVERY FAILURE INVOLVES
ABOUT 8,000 TONS OF BUNKER C. AND 16,000 TONS OF GASOLINE.
THIS FAILURE COMES AT A VERY SENSITIVE TIME FOR ICELAND BE-
CAUSE DURING THE CAPELIN SEASON IT WOULD BE HARD TO SUFFER A
SHORTAGE.

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PAGE 02 REYKJA 00213 042238Z

THE OIL COMPANIES SENT THEIR PLANS ON THE NEEDS OF OIL TO THE RUSSIANS AT THE PROPER TIME ACCORDING TO THE PRESENT AGREEMENT. THOSE PLANS WERE CONFIRMED AND THE COMPANIES OPENED THEIR CREDITS FOR THE OIL SHIPMENTS AS HAD BEEN DESIRED. DESPITE ALL THIS AND GREAT EFFORT BY THE ICELANDIC EMBASSY IN MOSCOW NOTHING HAS HAPPENED IN THE MATTER YET. THE COMMERCIAL OFFICER OF THE SOVIET EMBASSY IN ICELAND HAS TRIED TO SOLVE THE PROBLEM AND THE MINISTRY OF COMMERCE AND THE OIL COMPANIES HAVE BEEN IN DIRECT CONTACT WITH NAFTA, THE SOVIET OIL COMPANY.

THIS FAILURE BY THE RUSSIANS COULD CAUSE CONSIDERABLE DAMAGE BECAUSE OF THE CONTINUOUS DELAYS IN THIS MATTER. DELIVERIES HAVE BEEN PROMISED ON A CERTAIN DAY AND THEN THE PROMISE HAS BEEN BROKEN THE DAY AFTER. THIS IS A VERY ABNORMAL WAY OF DOING BUSINESS BECAUSE ICELAND BUYS THESE TYPES OF OIL ALMOST EXCLUSIVELY FROM THE RUSSIANS - OR ALMOST 80 PERCENT OF THE TOTAL PURCHASED.

ACCORDING TO NEWS THAT HAS COME FROM RUSSIA 16,000 TONS OF BUNKER C. ARE NOW ABOUT TO BE SHIPPED TO ICELAND. HOWEVER, THIS ONLY SOLVES A PART OF THE PROBLEM WHICH THE FAILURE OF DELIVERY HAS CREATED. 8,000 TONS OF BUNKER C. AND 16,000 TONS OF GASOLINE THAT SHOULD HAVE BEEN DELIVERED IN JANUARY AND FEBRUARY ARE STILL NEEDED.

TO SAVE THE SITUATION AND TO AVOID A CRISIS THE OIL COMPANIES AND THE MINISTRY OF COMMERCE HAVE MANAGED TO SECURE 18,000 TONS OF GASOLINE FROM WESTERN EUROPE. THAT OIL IS BOUGHT FROM SHELL INTERNATIONAL PETROLEUM COMPANY IN HOLLAND. END QUOTE. IRVING

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